

courage entrepreneurial capitalism—entrepreneur, a big name for risk-taking, starting something—a coherent agenda for sharpening our competitive edge as a nation so that we can win.

As I'll say inside—and I don't want to give you both barrels in here—but Germany and Japan tax capital at one percent and zero. And we've got it way up there. They say this is a tax break for the rich—my eye. It stimulates investment and business creation, and it is very, very important. So it's much more than that one item in the Tax Code, too, and I'll talk more about that later.

It's about helping small businesses hire new workers and increase productivity, which is vital if we're going to compete. And I'm confident we can compete. It's about freeing up the businesses from red-tape and the excesses of regulation. And it's about helping people provide for their workers, but doing it—I'm talking about health care, training—but doing it in a way that just doesn't break the back of the small business that's struggling anyway and make them lay off workers in order to accommodate some Federal mandate from Washington, DC. That's about helping more people in the sum realize the American dream.

So what I'm doing is asking people to compare our agenda versus Governor Clinton's agenda. He relies heavily—and this is not a charge I can't back up—on Federal mandates, dictating from Washington how leave should be handled or how health care should be handled, and we don't need that. Our proposals are not that; they are struc-

turing the tax system so as we can encourage the creation and success of more small businesses. He relies an awful lot on what I think would result in terrible redtape, and we don't. And most importantly, his plans tax jobs. And I think ours create jobs.

We've been through a tough time in this country. As you can see from recent events in the world, actually, the American economy is doing better than most of the global economy. So they can lower all the blame they want on me, but what I'm trying to do is guarantee that the recovery, which is coming and, frankly, working in some places, will not be set back by more Government control and Government answers. That's a big difference. And that's what will come out on these debates.

So, thank you again for this warm endorsement. Thank you for what you're doing to create jobs and, through that, helping men and women in this country as well as demonstrating what true capitalism really means, true risk-taking really means. I'm proud to be here, back in this State. Now, we're going to go in and spell out in some detail a plan that I hope captures the imaginations of small-business men and women all across this country. We're with you, and now I want to demonstrate it as cohesively and as forcefully as I possibly can.

Thank you all for being with us.

Note: The President spoke at 9:25 a.m. in the Biltmore Room of the Joseph S. Koury Convention Center. In his remarks, he referred to Jack Laughery, chairman and chief executive officer, Hardee's Food Systems.

Remarks to the Triad Business Community in Greensboro, North Carolina

September 23, 1992

Thank you, Tom. Thank you very, very much, and what a wonderful welcome back to this State. Thank you all. Please be seated. It's an honor to be introduced by a successful, honored small-business man, Tom Coble. Thank you, sir, for those kind words. I also want to salute the woman

who's done so much to advance the interests of American small businesses, our Administrator of the Small Business Administration, Pat Saiki, former Member of Congress and now head of our SBA in Washing-

ton. And also to, of course, to salute the inimitable, marvelous Governor of this State, Jim Martin. What a job he's done for the country and for North Carolina. And salute, too, congressional candidates Barbara Gore Washington of the 12th District and Richard Burr of the 5th District. I'm glad to be with them.

And with us are our two national leaders of our Independent Business Coalition, Pat Harrison and Miller Hicks, both here with us today. Here's Miller over here, and where's Pat? Whoops, she didn't make the head table—sitting out here. *[Laughter]* She should have; she's an outstanding business success. Pat, stand up. And Miller, you've got to stand up and let them see you. These people are pulling together this national small-business coalition, Independent Business Coalition, we call it.

Well, I've come here to Greensboro to talk about small business and really to drive home for the Nation the fact that businesses, like the ones that come together in the Triad business community, generate the hope and pride and the jobs that hold America together.

Take Joe Koury, a well-respected member of the Triad and the father of four beautiful girls. Now, Joseph wasn't always the one-man conglomerate that we see today. He started small, began building his empire in the early years after World War II, buying up the old Army barracks here in Greensboro and turning them into housing, sometimes for the same GI's who'd trained there before going off to war, now come home to start a family. And that ingenuity, that spirit of enterprise, that drive and dream tells us the meaning of opportunity, the meaning in America. And it's all over this great—I don't want to start singling people out, but my friend Jack Laughery is another one right here from this State who exemplifies the American dream, starting, taking risk, building. And it's a wonderful thing, and it's a wonderful epitome of the spirit of this State, in my view.

Now today, America's economy is working its way through a period of profound change. And incidentally, it's not just America, it's international change. You saw the recent ups and downs in the international

currency market. Other countries even now look to our economy as the envy of the world. And you see it here in North Carolina, these changes, just the way you do all across the country. Many of our larger companies have retrenched and, indeed, they've restructured, and I know that these changes have been difficult for many working Americans. But America's small businesses have shown a staying power, creating new products by the thousands, new jobs literally by the millions.

Let me give you one statistic that will drive home just what I mean. In the 1980's, the numbers of workers employed by the Fortune 500 companies actually went down. But in that same decade, small businesses boomed, adding 16 million new jobs.

The simple fact is small businesses are often the first to adapt to a changing world, the first to turn change to advantage, the force at the leading edge of economic recovery. And that's why it is absolutely critical that we do all we can to strengthen small businesses, remove obstacles that stand in their way, and create incentives that unleash America's entrepreneurial genius. Helping small business reach for its dreams is the key to my Agenda for American Renewal.

I've set a goal to make America the first, the world's first \$10 trillion economy in the early years of the 21st century. And when we get to that goal, not if but when—and it is very achievable, look at the numbers—it won't be the chairmen of the Fortune 500 we have to thank. It will be the men and women who run the small businesses that power America, the men and women, for example, of the Triad business community.

Right now, small businesses employ over half of our Nation's work force. Small businesses create two-thirds of the new jobs in America. Small businesses are hothouses for innovation and risk-taking, new ideas, the very engine of entrepreneurial capitalism that pulls the economy forward.

I know because I've been there myself. I did, as Mr. Coble said, run a small business, started it from the ground up, with a lot of help, obviously, from coworkers and partners. I know what it's like to sweat out a deal and shop for credit, stay up late worrying how you're going to meet the next pay-

roll. I've even got the ulcers, or had them back then, to prove it. That is a fact. So let me tell you, I happen to think that meeting a payroll is not a bad qualification for being President of the United States of America.

I might peripherally make the point that the contrast with my opponent couldn't be clearer. He's spent almost his entire life in government. When he wasn't in government, he practiced law and taught law school. He even worked in the Congress for his part-time job. Not exactly the credentials we're looking for these days. So it shouldn't surprise you that when it comes to the economy, my opponent thinks Government should lead. All I ask you to do is compare the plans directed by the bureaucratic planners who couldn't run a business anywhere but into the ground.

Now I believe Government can play a role in helping small business, no question. But it is a role of support, not the lead; not to put the new bureaucracy of Government planners in the business of picking winners and losers but to help America do what it does best: to make way for the American entrepreneur, the little guy with the big idea. So I've put together a program to strengthen small business, a program that will work because it understands how small businesses work. This is one important part of my comprehensive Agenda for American Renewal.

I'm releasing the full program today in a report I call "Encouraging Entrepreneurial Capitalism." Now, here is the report, and I hope we can make some, at least, available to people here today. But we can get them to you. That's a fancy name for small-business savvy America is known for. Some of the ideas are ones that we've been pushing for, for years; some are new. All of them are solid, sensible ways to strengthen small business. Now let me detail, and some of this is quite detailed, what my program does.

First, it will help small businesses get started. You see, many new businesses literally begin at home when entrepreneurs convert their own "nest egg" into capital. Germany does not tax capital gains at America's punitive rates; neither does Japan. One of them, I believe, is zero percent; and the other, I believe is Japan, is one percent.

If we want to compete and win, it's time to reward the risk-takers who turn their dreams into tomorrow's jobs. It is time to cut the tax on capital gains. The liberals continue to insist that that's a break for the rich. It isn't. It is clearly an incentive to start new companies and employ more people.

And because you've got to crawl before you can walk, we're also helping small businesses with an aggressive micro-loan program from a few hundred dollars up to \$25,000 at the critical early stages when new ventures are—I think we would all agree at that stage, new businesses are most vulnerable. That's how we'll help entrepreneurs get their ideas off the ground, get their businesses up and running.

But today I want to take our efforts one step further. I am proposing a 5-year, \$20 billion small-business initiative to lift tax and regulatory burdens off the back of small business and to cut the costs of capital.

We start by knocking down the corporate tax rate on small businesses from 15 to 10 percent. And this new initiative will smooth the way for small-business startups by increasing the small-business deduction limit from \$10,000 to \$25,000. It will allow entrepreneurs to deduct \$2,500 of those startup costs that most of you remember in the very first year.

My initiative includes steps to simplify tax laws for small businesses, changes that will result in almost \$5 billion a year in tax relief and should allow most small businesses to file a one- or two-page tax return. And finally, it eliminates capital gains on newly issued small-business stock. That will serve as an incentive to create new businesses.

Part three of this small business program is to help existing small businesses find credit. The best idea in the world cannot work without capital. Entrepreneurs simply can't do it alone. They need credit to set up shop and to expand. Right now, you and I know that the credit crunch has hit small businesses hard. That's why we've been working with bankers and regulators across the country to free up the flow of credit to companies like yours. Our regulatory reform, for example, by the SEC, has made it easier for small businesses to raise capital

through stock, through these offerings of stock, and to help growing firms to get from Main Street to Wall Street.

I've had the Small Business Administration, I have Pat Saiki here working overtime to help the credit-starved businesses. This year alone, we have increased by more than 50 percent the loan guarantees offered by her Agency, the SBA, more than \$6 billion for men and women with good ideas who want to turn those dreams into jobs.

Small business is one of the most effective ways to bring minority Americans into the economic mainstream. That's why later today, Pat Saiki will release our plan to streamline the SBA's minority small-business program to bring economic opportunity to entrepreneurs all across America.

And tomorrow Pat's going to go on to south Florida to kick off what we call the green-line program, a program that we test-marketed up in New England, to provide a revolving line of credit to help small businesses bridge the gap between production and payment. This green-line initiative, incidentally, should be especially helpful to small firms that are seeking to get back to business as usual after Hurricane Andrew.

Now fourth, we have got to help small businesses hire new workers and increase productivity. Small businesses, like every employer in America, will benefit from education reforms like America 2000, our program; from our expanded job training initiatives; from enterprise zones; from legal reform that ends those sky's-the-limit lawsuits that can drive a small business into bankruptcy. We've got to do something about these crazy lawsuits. Even all of that, though, is not enough.

That's why I support aggressive new export promotion programs to help small businesses crack new markets abroad and create new jobs here at home. You see, in the 21st century, America must be not just a military superpower but an economic superpower and an export superpower. For a long time, it was felt that small businesses were too little to sell abroad and compete abroad. That's changed. We want to facilitate more sales from small business into this vast export market that lies ahead. Right now, a fraction of America's companies, 15

percent, account for 85 percent of America's exports. We've got to open these new markets for America's small businesses; we've got to tap their explosive potential to make new customers not just down the street but around the world.

Small business is already helping us pioneer new worlds, leading the way, for example, in the biotechnology revolution. That's one reason that I strongly support a 100-percent increase in Federal research and development funds to help small businesses generate the technologies of tomorrow.

And fifth, we've got to free small businesses from the tangle of redtape and regulation. Vice President Quayle has filled me in on a meeting that he had not long ago with Richard Allen, who runs a furniture manufacturing company over in High Point. Federal reporting rules have gotten so bad that he's had to hire new staff just to read regulations. Now frankly, that's one kind of job creation we could do without. Filling out Federal forms should not be a full-time job. That's why, in January of this year, I ordered a freeze on Federal regulations. You work long and hard for your success, and you should spend your time doing business, not doing paperwork.

And finally, we've got to help small businesses provide for their workers, to help the 15 million Americans who are self-employed. So I want to raise the deduction for health insurance from 25 to 100 percent. I want to reform health insurance, give small companies the same advantage that bigger companies have when they shop for health care coverage by encouraging small companies to pool together to buy insurance.

We want to create tax incentives to help small businesses offer their employees family leave, not do what the liberal Congress wants me to do, slap another mandate on small businesses' back. I'm not going to do that. I believe in family leave, and I believe our approach to facilitating family leave through tax credits is a far better way than putting new mandates on a guy who is struggling to make ends meet and would have to lay off people to meet the costs of that program. We want to expand small businesses' ability to offer the portable pensions people will need in a dynamic econo-

my.

Taken together, that's a strong package, a comprehensive package to give real-world help right now to the small businesses that make this economy grow. You'll notice a lot of it, through tax relief, is removing the burden of Government from the back of small business.

Now, I think it's fair to say, and ask dispassionately: What about my opponent? What is his plan for small business? The difference could not be sharper. You see, I see small business as the backbone of the American economy. Mr. Clinton, Governor Clinton, sees small business as the goose that lays the golden eggs.

Bill Clinton's got big plans for bigger government and to pay for it, he's got the tax plan for almost every day of the week: Start with \$150 billion in new taxes. That's not my saying he's doing it; this is what he actually has proposed. Then add a payroll tax for training, he's already proposed that, 1½ percent across the board for small businesses, every business. And then add a health care plan that will lead to a 7-percent payroll tax to finance the inevitable Government takeover of health care.

And I tell you, it's taxing just to talk about this whole program ahead. Somebody said, that taxes my memory. And Clinton says, that's a good idea, let's try it. *[Laughter]* Yesterday, nobody believes this, but I did make a subconscious slip. I spoke up when I was going on about the different plans, and I called him "Governor Taxes." And I quickly corrected it.

But now, "Governor Taxes" says yes, he wants to raise taxes, and rolls out his standard soak-the-rich rhetoric. You listen to him. But what he won't tell you is this: Two out of every three people hit by Governor Clinton's tax hike would be small-business owners or family farmers. And these folks are not millionaires, they are Mom and Pop, Incorporated. We cannot let him slap a tax on small business.

Take a look at what Governor Clinton's tax plan would mean for small businesses right here in this State. If you're like the typical small business, you operate with a profit margin of about 2 percent. Some clearly do better; some are struggling to make it 2 percent. Your market is too com-

petitive for you to pass on costs by raising prices. That can happen in large companies that dominate the market. You can't do it as a small-business man. You already feel that you've already cut your costs, your operating costs, to the very bone.

And so when Bill Clinton's new taxes kick in, you have a choice, a tough choice. His payroll taxes alone amount to 4 to 5 percent of your operating expenses. That's your profit margin and then some. So here's your choice: You can board up the windows, or you can get out the pink slips. You can continue to operate, but to do so you're going to have to lay off some of your rather small work force.

Now, I want to invite Governor Clinton and his advisers to follow along for a little business math. Just over half of all small businesses with between 10 and 20 employees have annual sales of \$500,000 to \$1 million. That's a 2-percent profit margin and in the best case gives that business, say, a \$20,000 profit. Now, Governor Clinton's new taxes would cost that company between \$46,000 and \$56,000. So after you've handed over your profit to the Government, the only way to pay the rest of the tax is putting someone out of work, cutting down on your overall payroll account. And in the case of my example, that's 2 or 3 employees, 2 or 3 people out of less than a 20-person company who lose their jobs.

Now, just think about that. Those two or three people aren't just numbers; they're not some names on a payroll sheet. They're real people. They're friends and neighbors, men and women with families to feed and mortgages to pay.

Now, if that two or three still doesn't sound like much, keep this one in mind. In North Carolina alone, 25 percent of the workers, of all workers, 638,000 people, work in companies the same size as the one in my example, companies that will be crippled by Bill Clinton's new taxes. Across this State, North Carolina has thousands of businesses with less than 10 employees: grocery stores, more than 3,000; more than 2,500 small furniture stores; 4 out of every 5 companies in the building trades; bookstores, beauty shops, laundries, video stores, and TV repair shops, and the list goes on and on

and on. And for them, Bill Clinton's tax plan means one thing, misery on Main Street.

You see, I don't think these central planners understand this. America is a Nation of small businesses, and to those small businesses, they'll take a big hit under Governor Clinton's tax plan. And my opponent could not do more damage to America's risk-takers, entrepreneurs, if he'd declared war on small businesses. Well, if you're like me, you've got to say: Small business should not be big Government's piggy bank.

All I ask is that you people here and the people across the country take a look for a moment at my approach and then contrast that with Governor Clinton's. You see, I want to strengthen small businesses across America by lowering taxes, increasing R&D. Bill Clinton wants to tax small businesses and small-business owners so he can give big Government a raise.

I want to cut redtape, eliminate excessive regulation, and reform the ruinous legal system that's crippling this economy and killing small businesses. We really must get these suits under control. We are suing each other too much and caring for each other too little in this country. Now, Bill Clinton wants to saddle these—or his plan would saddle these new small businesses with new mandates; the old ones too, the existing ones—new or old small businesses, all with new mandates. And he's told the trial lawyers of America he wouldn't take away even one little loophole.

How about health care? Job training? Family leave? I want to reform our health care system, extend coverage to all Americans, and use the markets to drive costs down while keeping the quality, the great quality of American health care, up. And as I said before, Bill Clinton's plan will mean a payroll tax and more Government control.

I want to give displaced workers a voucher to get the training they want. And Bill Clinton wants to put a payroll tax on employers. I want to use tax credits to encourage businesses to provide workers family leave. Well, my opponent? You see the pattern: more Government rules, more Government redtape.

You know, they sent this family leave bill

down to me the other day. They sent it down just for fine timing in terms of politics. And I vetoed it, and I sent it right back. I am for family leave, but I am not for putting further mandates on small business. Let's do it through tax relief, not through running people out of business.

Bill Clinton's got a "punt, pass, and kick" plan: Punt the problem over to business. Pass the costs along. And kick the American worker right where he carries his wallet.

Now, you've got a choice in this election. A choice between two different philosophies, two different directions to take this great country. Bill Clinton puts his faith in the so-called best and brightest, in his old Oxford cronies who believes that Government knows best, just like the social welfare crowd that pulled Britain down before Maggie Thatcher and John Major pumped some life back in.

Well, I put my faith in the American people, and I want to see you keep control of the decisions that really matter in life. And when Bill Clinton says Government knows best, I say you know better. Let me sum it up this way: His plan is wrong for America. And mine is right.

Here's what Bill Clinton and the "Government first" crowd just really don't get. They don't get it. They don't understand: Government can print money, but it simply cannot create wealth. The great ideas that make this economy grow don't begin in the marbled halls of some Federal building back in Washington, DC. More great ideas, more of our gross domestic product, our GDP, begins at a basement workbench, at a computer on someone's kitchen table, with the savings you set aside to start a business of your own.

And America, don't let them teach the American people, particularly the young, that America is a nation in decline. We are simply not. We are the most respected leader in the world, militarily and economically. And in spite of the economic difficulties we've had and are enduring, America, believe me, is the envy of the world, not because its Government is great but because its people are great. Because the American people are builders and dreamers who build.

We need a Government that understands

that fundamental fact. And my program, my Agenda for American Renewal, will make the next American century a new American century, a time of peace and prosperity for all.

Thank you once again for this warm North Carolina welcome, and may God bless the United States of America. Thank

you very much.

Note: The President spoke at 9:50 a.m. at the Joseph S. Koury Convention Center. In his remarks, he referred to Tom Coble, president, Coble Dairy, and Greensboro Small Businessman of the Year.

Remarks at Pennsylvania State University in State College, Pennsylvania

September 23, 1992

The President. Thank you very, very much. What a wonderful rally. What a great day at Penn State. Thank you, Coach Paterno——

Audience members. Four more years! Four more years!

The President. Thank you, Joe; thank you, Coach. It is a great—thank you very, very much. Thank you. Thank you very much, Coach Paterno. It's one thing to have to play after one of your pep talks, but it's a little tougher to have to give a speech after one of your pep talks. Thank you for that great introduction. Last time I gave a speech on a college campus, one student came up to me afterwards and said, "That was the best imitation of Dana Carvey I've ever seen." [Laughter] I never knew I had such talent.

But let me just say a word about the coach. And I'm talking to the choir here, but a lot of people won't take a position; a lot of people out in life want to protect themselves and not stand up for what they believe in. So in a tough political year when a man with the standing of Coach Joe Paterno stands at my side as a friend and speaks for me, I am very, very grateful to him not just for the support but for his courage.

Just to get this rally open, I want to do to Governor Clinton this year what Penn State did to Cincinnati last year. I'm glad I'm not running against Joe Paterno and also glad I'm not running against that world-renowned baton twirler, John Mitchell. Where is the man? There he is, right back

there. You can't see him, but I can; real talent. Now before I get started, let me simply acknowledge some up here with me on the dais, two great Members of Congress, Bud Shuster and Bill Clinger. If we had more people like these two in the Congress, the American people wouldn't have those brooms out, yelling "Clean House!" But as a matter of fact, we ought to clean House.

May I salute Sue Paterno and Tricia Giannini—and thanks, Tricia, the president of the college Republicans; she did a great job on this rally—and so many others working on behalf of the party in Pennsylvania; and Anne Anstine, our chairman; Joyce Haas, Mary Dunkel.

I didn't come here today, you'd be happy to know, to give a big rally or a grand speech. I came here to talk a bit about where we've been and where we are and what I want to do to get us where we've got to be. You know, as I was walking through the old "Main" I saw a plaque on the wall. Not too shiny, but then again, it didn't need to be. It was dedicated to 374 Americans who died in World War II, all from Penn State. I was there, and I survived to see a lot of history between then and now, the heated battles and a long cold war, won by people with the right stuff and the people with the right ideas. We stood fast. We stayed strong, and I am the first President that can say we won the cold war. It is over. And people say, "Are you better off?" Well, I think it's a good thing that every kid on this campus goes to bed